

**Lieutenant Governor Garamendi Issues Statement  
Regarding Proposal to Protect Consumers and Require  
Insurance Companies to Cover Costs for Health Care Reform**

SACRAMENTO – Lieutenant Governor John Garamendi, who served two terms as California's insurance commissioner, today issued the following statement on House Speaker Nancy Pelosi's request to the House Ways and Means Committee to examine a windfall profit tax on insurance and pharmaceutical companies as part of the funding mechanism for health care reform:

"If the law is going to mandate consumers purchase health insurance, then the insurance product must be affordable and protect consumers from the all too common practices of coverage denial based on pre-existing conditions, post-market underwriting, post-care payment denials and policy cancellation and rescissions. Speaker Pelosi is absolutely correct that insurance companies may gain as many as 50 million new customers under the proposed reform plans. We cannot throw 50 million more people unprotected into the insurance pool where the sharks circle. Health insurance reform must assure that costs to consumers are contained and that the insurance companies don't rip off their customers.

"As California's Insurance Commissioner, I saw first-hand how Wall Street judges the success of a health insurance company – based on how little the company pays for medical services. The lower the percentage of the premium dollar spent on delivering health care services, the higher the stock price. Health insurance companies have banked record profits for years. Now it's time for them to put people over profits, especially as they anticipate millions of newly mandated customers," Lieutenant Governor John Garamendi said.

Lt. Governor John Garamendi has been a national leader on universal healthcare reform since 1976 and during the Clinton administration:

- In 1966, Garamendi and his wife, Patti, served as Peace Corps Volunteers in Ethiopia, where they built health clinics, worked to eradicate smallpox and expand health care services to the region.
- While serving as a State Assembly Member and State Senator (1974 – 1988), Garamendi authored the Rural Health Act, which created community clinics and provided medical services statewide to underserved, rural communities. He also authored the Emergency Medical Systems legislation improving trauma and emergency services to emergency rooms statewide. While Chairman of the Senate Health & Welfare Committee, he authored legislation which created the nurse practitioner program, the emergency medical services and practitioner standards and set funding for California county health facilities.
- In 1991, Garamendi became California's first elected Insurance Commissioner. During

this first term, he produced rebates to consumers of over \$1 billion in excessive premiums, created an aggressive anti fraud police force, and developed a universal health care plan proposal generated national attention and acclaim.

- In 2005, during Garamendi's second term as Insurance Commissioner, Garamendi held health insurance companies accountable and issued a Priced-Out Report, which provided recommendations on making health care more accessible to more Californians and reversing the current inequitable health care system which is pricing more and more needy people out.

- In 2007, Garamendi and his wife, Patti, traveled to Honduras to continue their humanitarian work, to commemorate the opening of a community hospital that will serve tens of thousands of people.